IEA Medium-Term Gas Market Report 2016

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Market Analysis and Forecasts to 2021
Growth in gas demand slows as it faces greater competition in the power sector; yet it is the only fossil fuel that does not suffer a decline in its share of the energy mix.
China drives increase in global gas demand, as the United States takes a back seat

US gas demand growth slows sharply, driven by stagnation in the power sector; EU gas demand gradually recovers on coal & nuclear power plant retirements
Growth in gas production is led by the United States and Australia.

The United States & Australia take over from the more established exporters – Russia, Qatar & ASEAN – as the main source of production growth.
US gas production stagnates in 2016 but a recovery is expected

Change in US gas production, 2011-2021 (bcm)

Low prices have impacted US gas production; but as market balances tighten & prices gradually recover, robust growth is set to resume
Greater competition is coming to the European gas market

US LNG is competitive in Europe

Oversupply in global LNG markets will intensify competition; flexible US LNG volumes are well-placed to compete in Europe

Nb: Based on cash costs and on forward curves as of June 7th 2016
Global LNG export capacity increases sharply

LNG capacity additions will be led by the US & Australia over the next five years; projects in Canada & East Africa could also move ahead if demand & prices recover.
Developing Asia emerges as key engine of LNG import growth

As imports from Japan & Korea are set to decline, the rebalancing of global markets will depend on the rate of expansion in China & other developing Asia.
Gas security: No time for complacency

The amount of LNG capacity that is out of service has almost tripled over the past four years, highlighting security & investment challenges in key producer countries.
Investment in new LNG export capacity has ground to a halt

The collapse in investment increases the risk of tighter markets in the next decade; concerns about gas supply security could quickly re-emerge.
Conclusions

- The gas landscape is changing: production growth is increasingly driven by the US & Australia; demand growth by developing Asia.

- Traditional exporters will come under pressure as competition from new supply sources intensifies.

- Global gas prices are set to stay under pressure as a huge amount of LNG export capacity is coming online just as demand slows.

- Lower prices have triggered a collapse in new investment.

- IEA is taking on a new mandate on gas security – low prices & well supplied markets give no cause for complacency.